Jayex Technology Limited

(Formerly known as Jayex Healthcare Limited)

ABN 15 119 122 477

ANNUAL REPORT
31 December 2021

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Contents
31 December 2021

Directors	Michael Boyd (Executive Chair) Brian Renwick (Non-Executive Director) Michael Chan (Non-Executive Director) Nicholas Harper (Non-Executive Director since 2 September 2020, appointed Executive Director on 11 October 2021)
Registered office	Level 4 100 Albert Road South Melbourne VIC 3205
Principal place of business	17B Cribb Street Milton QLD 4064
Share register	Automic Level 5, 126 Phillip Street Sydney NSW 2000 Phone: 1300 288 664 (in Australia); +61 2 9698 5414 (international)
Auditor	William Buck Audit (Vic) Pty Ltd Level 20, 181 William Street Melbourne VIC 3000
Solicitors	Steinepreis Paganin Level 4, 50 Market Street Melbourne VIC 3000
Stock exchange listing	Jayex Technology Limited shares are listed on the Australian Securities Exchange (ASX code: JTL)
Website	www.jayex.com.au

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Directors' report
31 December 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of Jayex Technology Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2021.

Directors
The following persons were Directors of Jayex Technology Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Boyd (Executive Chair)
Brian Renwick (Non-Executive Director)
Michael Chan (Non-Executive Director)
Nicholas Harper (Non-Executive Director since 2 September 2020, appointed Executive Director effective 11 October 2021)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of the development and provision of healthcare industry service technologies.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $3,979,000 (31 December 2020: $799,000).

COVID-19
During 2021, vaccination rates across the UK, Jayex's largest market, rose significantly with businesses across the region adjusting to the new COVID-normal trading environment. Despite urgings from the UK Government to restore routine care services, trading conditions in the UK remained subdued as new mandates for Omicron were enforced. The NHS focussed predominantly on the Omicron booster vaccination program at most GP surgeries which significantly impacted the progress made on Jayex's development and technological roadmap.

Although the global onset of COVID-19 has continued to affect Jayex's trading performance, more recently there has been a steady increase of both new enquiries and service orientated calls as Jayex Connect Display and Jayex Connect Arrive services were turned back on at customer GP surgeries. Jayex has also re-engaged with the Scottish GP market and begun negotiations with clinics with the aim to expand the number of sites as well as its product offering in the market.

2021 update
The company's revenue fell from $6,063k in 2020 to $3,586k in 2021, representing a 40% decrease. This was profoundly down to the immense impact of the global pandemic including the onset of Omicron. Progress was achieved in the following areas.

Key improvements include:
- Divesting the on-premise Acute (hospital) queue management business for £1.3m.
- Investing in Brainworks Foundry Inc and its AI driven genomic sequencing pathology business Medio Labs.
- Receiving second CBILS loan of $1.09m.
- Rejuvenating internal systems including migrating accounts and CRM into a more complete system.
- Increasing efficiencies through upskilling employees and management re-organisation.

Investment into Brainworks Foundry Inc
In July Jayex executed a binding Heads of Agreement for the investment of upto US$2m in cash into Brainworks Foundry Inc, a company incorporated in July 2017 in Delaware, US. Following the terms of the Heads of Agreement, Jayex invested US$1m in Brainworks Foundry Inc.

The investment into Brainworks fits with Jayex's renewed and repositioned business model and to extend its SaaS Connect data management capabilities for GP Clinics into more GP/Patient related services such as remote patient monitoring.

The company continues to monitor the investment and remains positive about the development of the unique intellectual property being that is currently seeking registration.

Divestment of Acute (hospital) business
Jayex divested its on-premises hospital queue management business Acute Business to Canadian based Vitalhub Inc for a transaction value of £1.3M. Vitalhub Inc purchased all existing hospital contracts in the UK and Australia from the company including an Enlighten license to operate the service.

The sale of the on-premises hospital queue management business has enabled Jayex to refocus its technology efforts with the aim of accelerating other projects such as expanding the company's core SaaS based Connect platform in the UK, Australia and New Zealand; and further exploring remote patient monitoring and other telehealth opportunities.

$571k in sale proceeds were received by Jayex from VitalHub Inc. and were released from Escrow during the third Quarter of 2021. The company used $56k in sale proceeds to repay against the 1st National Westminster Bank CBILs Loan during the Quarter.

Whakaora Hou Limited (WHL) plans advance
WHL successfully renewed its cultivation license for medical marijuana from the New Zealand Medicinal Cannabis Agency (NZ Ministry for health) until April 2023.

WHL now has a strong leadership team in place with the appointments of Mr David Watson to its advisory board, Mr Robert C. Clarke as Director of Research and Mr Mojave Richmond as Director of Breeding and Cultivation in 2020. WHL is well positioned to capitalise on the expanding medicinal cannabis sector through a superior plant breeding program and whole plant therapeutics adhering to international Quality Standards.

Corporate
In October Nick Harper moved to an executive position within the company. Nick's experience in software development has greatly enhanced the leadership capability of the company.

In May the company undertook a placement of $570,000 (before costs). The funds raised were used for further marketing strategies throughout New Zealand and Australia as well as general working capital purposes.

Jayex went on to raise a further $700,000 in a non-renounceable entitlement offer which was finalised in September. This provided part funding to Jayex's investment in Brainworks Foundry Inc and its AI driven genomic sequencing pathology business Medio Labs.

JP Equity Partners were lead managers for both Capital Raisings.

Partial payment of convertible note
Payments of $300k were made to Covenant Holdings (WA) Pty Ltd (Covenant), reducing the loan from $3.0 million to $2.7 million. Covenant is a company controlled by the company's Executive Chairman, Mr Michael Boyd.

Significant changes in the state of affairs
At the Company's Annual General Meeting on 27 May 2021, shareholders approved the name change from Jayex Healthcare Limited (ASX: JHL) to Jayex Technology Limited (ASX: JTL).

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations are as follows:

Our ultimate goal remains unchanged. Jayex seeks to create superior healthcare solutions that are user-friendly for patients, reliable and easy to maintain for healthcare professionals, offer good value for purchasers and provide long-term returns for our investors, while creating a Company culture that employees feel valued in and proud of.

We will do this by accelerating our development, as well as look to partners, collaborators and M&A opportunities to create a comprehensive end-to-end capability healthcare platform. This platform will support patients and healthcare professionals in the Primary, Secondary, Tertiary and 'Green' care markets, ranging from but not limited to audiology, cancer management, community, dental, general practices, outpatients, phlebotomy, and x-ray.

We will incorporate artificial intelligence algorithms, internet of things, and data analysis that will vastly improve healthcare outcomes for patients, whilst providing such services at very competitive rates to service healthcare providers.

Jayex currently touches 50 million patients annually across these care markets. We will capitalise and utilise our installed base to deliver further and enhanced capability to these care markets through our comprehensive and growing end-to-end cloud-based platform. Our platform will provide everything from Appointment booking, Patient calling, Patient check-in, through to health messaging, self-care monitoring, script management, remote terminal dispensing of pharmaceutical and/or medical cannabis products and telehealth solutions.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	Michael Boyd
Title:	Executive Chairman
Qualifications:	B. Comm (UWA) Grad. Dip App Fin
Experience and expertise:	Michael Boyd is the Chairman of the Company and has been involved since its inception in 2004. Based in Melbourne, he has led the corporate structuring of the Company and the development of the Group's strategic vision. On a practical level he has initiated contacts with all stakeholder groups including professional bodies, regulatory boards, wholesale distributors and pharmacy groups and individuals. Mr. Boyd has been involved in the creation of new enterprises, both in the private and public sectors, for over 27 years. Mr. Boyd has been successful in developing and growing new projects in diverse areas including healthcare, telecommunications and finance. Trained as a Chartered Accountant, he was a founding Director and Chairman of Sonic Healthcare Ltd, now an ASX listed top 50 company. After leaving Sonic he started Foundation Healthcare, growing it to over 800 healthcare professionals before it was acquired by Sonic. He was also a founding partner of Iridium Satellite bringing it out from bankruptcy to now a NASDAQ listed company.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	107,883,880 fully paid ordinary shares

Name:	Brian Renwick
Title:	Non-Executive Director
Qualifications:	MBA, FCA, B. Bus. (Accounting) Monash
Experience and expertise:	Mr. Renwick is very broadly experienced across the pharmaceutical and healthcare sector in Australia. His involvement with sector commenced in finance roles that led into commercial analysis, marketing and sales. From this broad commercial experience in the manufacturing end of the supply chain he moved into the wholesaling with various business development roles in retail and hospital pharmacy. Mr Renwick's roles broadened into commercial and business development including as general manager for a corporate pharmacy business. He has completed two Business Development roles within the CSL Limited group. With his detailed commercial knowledge and broad experience across the healthcare sector, Brian has provided consulting advice to Jayex since 2006 and is an important member of the team.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Audit and Risk Committee, member of Remuneration and Nomination Committee
Interests in shares:	1,660,871 fully paid ordinary shares

Name:	Michael Chan
Title:	Non-Executive Director
Qualifications:	Diploma of Financial Services
Experience and expertise:	Mr Chan has extensive experience in broad based financial services for the past 30 years with hands on knowledge in both consumer and commercial sectors of the business. Michael is the founder and Managing Director at AMG Corporate Pty Ltd, a holder of an Australian Credit Licence which is primarily a debt advisory business. Prior to establishing AMG, Michael worked in key roles involved with strategic business development and marketing at several companies, both in the private and public sectors. Michael has had a past affiliation with Make a Wish Foundation and more recently is the founder and chairman of The Mate Foundation – a men's health initiative with its principal purpose to help raise awareness of men's health diseases, which is due to launch shortly. He has over the years also undertaken philanthropic work for various other charities and causes in his community.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Remuneration and Nomination Committee and member of Audit and Risk Committee.
Interests in shares:	2,498,180 fully paid ordinary shares

Name:	Nicholas Harper
Title:	Executive Director (appointed effective 11 October 2021)
Qualifications:	MSc Computing Science
Experience and expertise:	Nick has over thirty years' experience working in software development. During that time, he has worked in the public sector (local government), investment banking and the aviation sector in a wide variety of roles and with varied responsibilities. Nick has worked on implementing and maintaining many different types of software systems from batch valuation systems to real-time data processing. Based in the UK, Nick also has extensive experience of project management and software team building.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Ms Melanie Leydin was appointed Company Secretary on 19 August 2015. Ms Leydin graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 had been the principal of chartered accounting firm, Leydin Freyer. Upon the merger of Leydin Freyer with Vistra in November 2021, Ms Leydin is the country head of Vistra Australia. Ms Leydin has over 25 years’ experience in the accounting profession and has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations and is a director and company secretary for a number of entities listed on the Australian Securities Exchange.

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2021, and the number of meetings attended by each Director were:

	Full Board		Audit & Risk Committee	Audit & Risk Committee	Remuneration & Nomination Committee	Remuneration & Nomination Committee
	Attended	Held	Attended	Held	Attended	Held
Michael Boyd	13	13	-	-	-	-
Brian Renwick	12	13	3	3	1	1
Michael Chan	11	13	3	3	1	1
Nicholas Harper	12	13	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In past consultation with external remuneration consultants, the Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. No such consultants were used during the year. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Directors may also be reimbursed for travel and other expenses reasonably incurred in attending to the Company's affairs.

Non-executive directors may be paid such additional or special remuneration as the directors decide is appropriate where a director performs extra work or services which are not in the capacity as Director of the Company or a subsidiary.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive. The Executive chairman's fees are determined based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Consolidated entity performance and link to remuneration
The remuneration of the Non-Executive Directors is not linked to the performance, share price or earnings of the consolidated entity. For the year ended 31 December 2021, the remuneration of Executive Chairman and other executives were not linked to the performance, share price or earnings of the consolidated entity.

Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables. Unless otherwise noted, the named persons were key management personnel for the whole of the period ended 31 December 2021.

The key management personnel of the consolidated entity consisted of the following Directors of Jayex Technology Limited:
- Michael Boyd (Executive Chairman)
- Brian Renwick (Non-Executive Director)
- Michael Chan (Non-Executive Director)
- Nicholas Harper (Non-Executive Director since 2 September 2020, appointed Executive Director effective 11 October 2021)

And the following person:
- Nathan Woodard (Chief Financial Officer)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2021	Cash salary and fees $	Cash bonus $	Cash allowance $	Super-annuation $	Long service leave $	$	Termination benefit $	Total $
Non-Executive Directors:								
Mr B Renwick	50,000	-	-	-	-	-	-	50,000
Mr M Chan	50,000	-	-	-	-	-	-	50,000
Mr N Harper*	38,889	-	-	-	-	-	-	38,889
Executive Directors:								
Mr M Boyd (Executive Chair)	173,950	-	-	-	-	-	-	173,950
Mr N Harper*	33,532	-	-	-	-	-	-	33,532
Other Key Management Personnel:								
Mr N Woodard	168,387	41,201	-	28,663	-	7,160	-	245,411
	514,758	41,201	-	28,663	-	7,160	-	591,782

* Mr N Harper was appointed as the Executive Director effective 11 October 2021

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2020	Cash salary and fees $	Cash bonus $	Cash allowance $	Super-annuation $	Long service leave $	Shares issued $	Termination benefit $	Total $
Non-Executive Directors:								
Mr M Boyd (Chair)	75,833	-	-	-	-	-	-	75,833
Mr B Renwick	67,708	-	-	-	-	-	-	67,708
Mr M Chan	67,708	-	-	-	-	-	-	67,708
Mr N Harper*	17,677	-	-	-	-	-	-	17,677
Executive Directors:								
Mr M Boyd (Executive Chair)**	32,084	-	-	-	-	-	-	32,084
Other Key Management Personnel:								
Mr N Fernando**	157,370	-	-	-	-	-	-	157,370
Mr N Woodard***	158,049	-	-	20,478	-	-	-	178,527
	576,429	-	-	20,478	-	-	-	596,907

* Mr N Harper was appointed as the Non-Executive Director on 2 September 2020.
** Mr N Fernando resigned as the Chief Executive Officer effective 25 July 2020. Following this Mr M Boyd was appointed as the Executive Chairman.
*** Superannuation for Mr N Woodard restated from prior year from nil to $20,478.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2021	2020	2021	2020	2021	2020
Non-Executive Directors:						
Mr M Boyd	100%	100%	-	-	-	-
Mr B Renwick	100%	100%	-	-	-	-
Mr M Chan	100%	100%	-	-	-	-
Executive Directors:						
Mr M Boyd	100%	100%	-	-	-	-
Other Key Management Personnel:						
Mr N Fernando	-	100%	-	-	-	-
Mr. N Woodard	77%	100%	23%	-	-	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Michael Boyd
Title:	Executive Chairman
Agreement commenced:	25 July 2020
Term of agreement:	No fixed term. Each party may terminate the agreement by giving one months' notice. The Company may make payment in lieu of part of all of the notice period.
Details:	Base salary $120,000 per annum till 13 June 2021. Base salary of $220,000 effective 14 June 2021

Name:	Nathan Woodard
Title:	Chief Financial Officer
Agreement commenced:	28 August 2018
Term of agreement:	No fixed term. Each party may terminate the agreement by giving three months' notice. The Company may make payment in lieu of part of all of the notice period.
Details:	Base salary £90,000 per annum.

Name:	Nicholas Harper
Title:	Executive Director for Software
Agreement commenced:	11 October 2021
Term of agreement:	No fixed term. Each party may terminate the agreement by giving three months' notice. The Company may make payment in lieu of part of all of the notice period.
Details:	Base salary £85,000 per annum.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
During the year no ordinary shares were issued to directors and other key management personnel as part of compensation.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Mr N Woodard	250,000	30/03/2021	31/12/2021	29/03/2024	$0.05	$0.029

Options granted carry no dividend or voting rights.

Values of options over ordinary shares granted, exercised and lapsed for Directors and other key management personnel as part of compensation during the year ended 31 December 2021 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Mr N Woodard	7,160	-	-	3%

Additional information
The earnings of the consolidated entity for the five years to 31 December 2021 are summarised below:

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Sales revenue	4,125	6,063	7,185	6,749	7,503
EBITDA	(2,460)	293	121	(342)	(1,919)
EBIT	(3,066)	(561)	(663)	(885)	(2,437)
Loss after income tax	(3,724)	(799)	(960)	(1,125)	(2,496)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end (cents)	1.9	3.9	3.0	1.9	1.6

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Shares acquired	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr M Boyd	80,912,910	-	26,970,970	-	107,883,880
Mr B Renwick	1,245,653	-	415,218	-	1,660,871
Mr M Chan	1,853,635	-	644,545	-	2,498,180
	84,012,198	-	28,030,733	-	112,042,931

Option holding
The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other*	Balance at the end of the year
Options over ordinary shares					
Mr N Woodard	-	250,000	-	-	250,000
	-	250,000	-	-	250,000

Other transactions with key management personnel and their related parties
During the financial period:

- loans were made by the company’s chairman to the consolidated entity; and
- payments of rental premises were made to a related entity of a director of the consolidated entity

Details of these transactions are disclosed below:

Transactions with related parties
The following transactions occurred with related parties. All transactions were carried out on arm's length terms on a basis which is no more or less favourable than if the transactions had occurred with non-related entities except for the interest free loans disclosed in the Terms and Condition section below.

	Consolidated 2021 $	Consolidated 2020 $
Other transactions:		
Loan interest paid or payable to Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)	-	254,544
Interest on convertible Notes issued to Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)	183,172	47,963

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2021 $	Consolidated 2020 $
Current payables:		
Accrued loan interest payable to Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)	-	15,072

The payables due to related parties were payable on demand and did not bear interest.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2021 $	**2020 $**
Current borrowings:		
Convertible Notes issued to Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)*	2,129,000	-
Non-current borrowings:		
Loans from Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)	555,000	555,000
Loan from Michael Boyd, Executive Chair	188,517	188,517
Convertible Notes issued to Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)*	-	1,733,000

* As at 31 December 2021, the convertible notes has the face value of $2,700,000 (31 December 2020: $3,000,000). Refer to note 15 for further information on convertible notes.

Terms and conditions
Loan
The terms of the loans made by Covenant Holdings (WA) Pty Ltd to companies within the consolidated entity are as follows:

(i) Loan to P2U Pty Ltd: Balance as at 31 December 2021 and 31 December 2020 - $55,000; loan is interest free, unsecured and is repayable on 1 April 2023.
(ii) Loan to Whakaora Hou Limited: Balance as at 31 December 2021: $500,000 (31 December 2020: 500,000); loan is interest free, unsecured and is repayable on 1 April 2023.
(iii) Loan from Michael Boyd, Executive Chair to Whakaora Hou Limited: Balance as at 31 December 2021: $188,517 (31 December 2020: $188,517) This is an interest free unsecured loan and is repayable on 1 April 2023.

Convertible notes
Convertible Notes are unsecured and issued on 13 October 2020 at an interest rate of 6.5% per annum. These are repayable on 13 October 2022 for balance not converted into shares. Refer to note 15 for further information on convertible notes.

This concludes the remuneration report, which has been audited.

Shares under options
Unissued ordinary shares of Jayex Technology Limited under option outstanding at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under options
30 March 2021	29 March 2024	$0.05	250,000
04 May 2021	03 May 2024	$0.05	250,000
			500,000

No person entitled to exercise the options had or has any right by virtue of the options granted to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Jayex Technology Limited issued on the exercise of options during the year ended 31 December 2021 and up to the date of this report.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in note 24 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of William Buck Audit (Vic) Pty Ltd
There are no officers of the Company who are former partners of William Buck Audit (Vic) Pty Ltd.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

Auditor
William Buck Audit (Vic) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Michael Boyd
Chairman

31 March 2022
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF JAYEX HEALTHCARE LIMITED

I declare that, to the best of my knowledge and belief during the year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J. C. Luckins
Director

Melbourne, 31 March 2022

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Consolidated 2021 $'000	2020 $'000
Revenue from continuing operations	5	3,586	5,069
Other income		251	545
Expenses			
Raw materials and consumables used		(571)	(1,091)
Employee benefits expense	6	(3,048)	(3,151)
Depreciation and amortisation expense	6	(702)	(854)
Marketing expenses		(107)	(90)
Administrative, corporate and other expenses		(1,542)	(1,498)
Finance costs	6	(841)	(380)
Net foreign exchange (loss)/gains		(5)	106
Impairment of intangible assets	13	(2,514)	-
Fair value change in the derivative instrument	3	1,038	246
Loss before income tax benefit from continuing operations		(4,455)	(1,098)
Income tax benefit		379	142
Loss after income tax benefit from continuing operations		(4,076)	(956)
Profit after income tax expense from discontinued operations	7	97	157
Loss after income tax (expense)/benefit for the year attributable to the owners of Jayex Technology Limited		(3,979)	(799)
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		57	-
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		669	(659)
Other comprehensive income/(loss) for the year, net of tax		726	(659)
Total comprehensive loss for the year attributable to the owners of Jayex Technology Limited		(3,253)	(1,458)
Total comprehensive loss for the year is attributable to:			
Continuing operations		(3,350)	(1,615)
Discontinued operations		97	157
		(3,253)	(1,458)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

		Cent	Cent
Earnings per share for loss from continuing operations attributable to the owners of Jayex Technology Limited			
Basic earnings per share	31	(1.9)	(0.5)
Diluted earnings per share	31	(1.9)	(0.5)
Earnings per share for profit from discontinued operations attributable to the owners of Jayex Technology Limited			
Basic earnings per share	31	-	0.1
Diluted earnings per share	31	-	0.1
Earnings per share for loss attributable to the owners of Jayex Technology Limited			
Basic earnings per share	31	(1.8)	(0.4)
Diluted earnings per share	31	(1.8)	(0.4)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Consolidated statement of financial position
As at 31 December 2021

	Note	Consolidated 2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents		983	1,182
Trade and other receivables	8	838	1,173
Inventories		247	341
Other		48	56
Total current assets		2,116	2,752
Non-current assets			
Deposits		54	53
Financial assets at fair value through other comprehensive income	9	536	-
Financial assets at fair value through profit or loss	10	1,369	-
Plant and equipment	11	193	185
Right-of-use assets	12	247	132
Intangibles	13	5,465	9,237
Total non-current assets		7,864	9,607
Total assets		9,980	12,359
Liabilities			
Current liabilities			
Trade and other payables	14	1,033	1,992
Borrowings	15	2,607	2,961
Lease liabilities		150	98
Provision for income tax on capital gains		199	-
Employee benefits		50	54
Provisions	16	215	220
Contract liabilities	17	1,615	1,436
Total current liabilities		5,869	6,761
Non-current liabilities			
Borrowings	18	2,455	1,716
Lease liabilities		113	23
Deferred tax		139	461
Employee benefits		17	21
Total non-current liabilities		2,724	2,221
Total liabilities		8,593	8,982
Net assets		1,387	3,377
Equity			
Issued capital	19	28,112	26,861
Reserves	20	(1,390)	(2,128)
Accumulated losses		(25,335)	(21,356)
Total equity		1,387	3,377

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Consolidated statement of changes in equity
For the year ended 31 December 2021

Consolidated	Issued capital $'000	Shared-based payment reserve $'000	Foreign exchange reserve $'000	Financial asset reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2020	26,166	21	(1,469)	-	(20,557)	4,161
Loss after income tax benefit for the year	-	-	-	-	(799)	(799)
Other comprehensive loss for the year, net of tax	-	-	(659)	-	-	(659)
Total comprehensive loss for the year	-	-	(659)	-	(799)	(1,458)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 19)	674	-	-	-	-	674
Exercise of options	21	(21)	-	-	-	-
Balance at 31 December 2020	26,861	-	(2,128)	-	(21,356)	3,377

Consolidated	Issued capital $'000	Shared-based payment reserve $'000	Foreign exchange reserve $'000	Financial asset reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2021	26,861	-	(2,128)	-	(21,356)	3,377
Loss after income tax benefit for the year	-	-	-	-	(3,979)	(3,979)
Other comprehensive income for the year, net of tax	-	-	669	57	-	726
Total comprehensive income/(loss) for the year	-	-	669	57	(3,979)	(3,253)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 19)	1,251	-	-	-	-	1,251
Vesting of share based payments	-	12	-	-	-	12
Balance at 31 December 2021	28,112	12	(1,459)	57	(25,335)	1,387

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Consolidated statement of cash flows
For the year ended 31 December 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,879	6,809
Payments to suppliers and employees (inclusive of GST)		(5,373)	(7,187)
Operating activities from discontinued operations	7	210	157
		(1,284)	(221)
Other revenue		251	545
Interest and other finance costs paid		(224)	(507)
Net cash used in operating activities	30	(1,257)	(183)
Cash flows from investing activities			
Payments for plant and equipment	11	(44)	(1)
Payments for intangibles	13	(91)	(270)
Proceeds from disposal of Acute business	7	1,584	-
Payments for disposal of Acute business	7	(850)	-
Payment for investments		(1,369)	-
Net cash used in investing activities		(770)	(271)
Cash flows from financing activities			
Proceeds from issue of shares		1,292	700
Share issue transaction costs		(41)	(26)
Proceeds from borrowings		1,116	1,060
Repayment of borrowings		(112)	(200)
Repayment of convertible notes		(300)	-
Repayment of lease liabilities		(135)	(187)
Net cash from financing activities		1,820	1,347
Net increase/(decrease) in cash and cash equivalents		(207)	893
Cash and cash equivalents at the beginning of the financial year		1,182	281
Effects of exchange rate changes on cash and cash equivalents		8	8
Cash and cash equivalents at the end of the financial year		983	1,182

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Jayex Technology Limited as a consolidated entity consisting of Jayex Technology Limited ("the Company") and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Jayex Technology Limited's functional and presentation currency.

Jayex Technology Ltd is a for-profit company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office	Principal place of business
Level 4 100 Albert Road South Melbourne VIC 3205	17B Cribb Street Milton QLD 4064

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 31 March 2022. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Other accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted have not had a significant impact on the Group’s financial results or position.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the year ended 31 December 2021.

Going concern
The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The working capital position as at 31 December 2021 of the consolidated entity, as disclosed in the statement of financial position, is an apparent excess of current liabilities over current assets of $3,753,000 (2020: $4,009,000). However, the current liabilities as at 31 December 2021 contain a number of liability accounts, including Contract liabilities, Convertible notes and Derivative financial liability, which represent the results of accounting adjustments and do not represent amounts currently payable, or expected to become payable, to third parties. Excluding these liability accounts from the calculation of working capital at 31 December 2021, results in adjusted working capital surplus of $60,000 (2020: working capital deficit of $300,000).

The cash balance at 31 December 2021 was $983,000 (2020: $1,182,000).

The consolidated entity incurred a net loss after tax for the financial year ended 31 December 2021 of $3,979,000 (2020: $799,000) and had net cash outflows from operating activities of $1,257,000 (2020: net cash inflow $183,000).

These conditions give rise to a material uncertainty that may cast significant doubt about the group’s ability to continue as a going concern.

Notwithstanding these results, the directors believe that the company will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis. The accounts have been prepared on the assumption that the company is a going concern for the following reasons:

Note 2. Significant accounting policies (continued)

- the consolidated entity's main product is Connect. Additionally, many legacy customers remain on our Enlighten system, both Connect and Enlighten remain viable and competitive. The Connect Platform is capable of further technical development and product improvement and
therefore remains an important source of profitable and cash-generating activity for the consolidated entity;
- the consolidated entity continues to carry out, organisational restructuring with the objective of minimising costs without compromising revenue and cash-generating capacity. These measures have already generated cost savings, with further savings expected to be made in the forthcoming financial year;
- the ability of the consolidated entity to further scale back parts of its operations and reduce costs if required;
- the Board is of the opinion that the consolidated entity has, or shall have access to, sufficient funds to meet planned corporate activities and working capital requirements;
- the consolidated entity has continued financing support from related parties; and
- as the Company is an ASX-listed entity, the consolidated entity has the ability to raise additional funds if required.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Jayex Technology Ltd ('Company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the period then ended. Jayex Technology Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. Details of subsidiaries are included in note 28.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Jayex Technology Limited's functional and presentation currency.

Note 2. Significant accounting policies (continued)

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity predominantly derives revenue from the sale of goods and services. Significant contracts with customers depict various performance obligations, such as:

- Supply and delivery of equipment, along with the software license to run on such equipment. This also include installation services and web portal access;
- Additional services (if contracted and included to that standard services agreement);
- Annual, ongoing software license and support services;
- Software customisation (development) and related support services; and
- Annual and ongoing extended warranty services.

To determine whether to recognise revenue, the consolidated entity follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the consolidated entity satisfies performance obligations by transferring the promised goods or services to its customers.

Rendering of services
All deals are done on an annual basis with the option to pay for additional year(s)' warranty and software support at the time of the sale in advance. Revenue is recognised on a straight-line basis over the term of the contract for such services. This method best depicts the transfer of services to the customer as the consolidated entity's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract.

Under AASB 15, the consolidated entity concluded that revenue from warranty and software support services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the consolidated entity.

The consolidated entity recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the consolidated entity satisfies a performance obligation before it receives the consideration, the consolidated entity recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Note 2. Significant accounting policies (continued)

Equipment (Kiosk) sale and installation
The supply, installation and commissioning of requested equipment by the consolidated entity to the customer in accordance with a contract. Revenue is recognized at the point in time when the equipment has been commissioned and commences operation in accordance with specifications, at which point the performance obligation is satisfied. The equipment can only be installed by the company, as such the customer cannot derive benefits from the equipment until after installation of the software to run it, consequently, the revenue is recognized at a point in time after installation.

Software licences
Provision, over a specified period, of licence permitting and enabling the customer to access and use the software product supplied by the consolidated entity. Revenue is recognized on a straight line basis over the specified period, i.e. over time.

Extended warranties
Provision, over a specified period, of an extended warranty in favour of the customer to repair or replace equipment previously supplied by the consolidated entity. Revenue is recognized on a straight-line basis over the specified warranty period, i.e. over time.

Software support services
Provision by the consolidated entity, over a specified period, of telephone and online software support services to the customer, whereby client queries and problems are resolved by consolidated entity staff as required. Revenue is recognized on a straight-line basis over the specified period, i.e. over time.

Software development services
The supply, installation and commissioning of specific specialised software enhancements as required by the customer, which are outside of, or in addition to, the standard software product offered by the consolidated entity. Revenue is recognized over time as and when the software development services are delivered and recognition ceases once the project has been commissioned and commences operation in accordance with customer specifications at which point the performance obligation is satisfied. At this point any further service provided in relation to such development would be covered by Software support services as described above.

Other income
Interest
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants
Government grants are recognised when there is reasonable assurance that the grant will be received and all grant conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is expected to compensate.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 2. Significant accounting policies (continued)

Discontinued operations
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories
Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Motor vehicles	4 - 5 years
Computer equipment	3 years
Office equipment	3 - 5 years
Furniture and fittings	4 - 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition.

Intangible assets acquired separately are initially recognised at cost.

Intangible assets with indefinite useful lives are not amortised, but tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. Amortisation expense is included in depreciation and amortisation expense in the Statement of profit or loss and other comprehensive income.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 7 years.

Patents and trademarks
All patent and trademark costs for the year are capitalised in the statement of financial position at cost. The patents and trademarks have not yet commenced to be amortised as the technology related to the relevant patents and trademarks is still under development and has not yet reached the stage where it is ready for use by the Company as intended by management.

Note 2. Significant accounting policies (continued)

Software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis generally over 5-7 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

When these assets are acquired as part of a business combination they are recognised separately from goodwill. The assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

Customer relationships
When these assets are acquired as part of a business combination they are recognised separately from goodwill. The assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

Amortisation is calculated on a straight-line basis generally over the assets' estimated useful lives of 10 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Financial instruments

Recognition and derecognition
Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Note 2. Significant accounting policies (continued)

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at fair value through other comprehensive income (FVTOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The consolidated entity's trade and most other receivables fall into this category of financial instruments that were previously classified as loans and receivables under AASB 139.

Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Consolidated entity considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days Overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Classification and measurement of financial liabilities

The Consolidated entity's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where and to the extent applicable, adjusted for transaction costs unless the Consolidated entity designate a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and if applicable charges in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Note 2. Significant accounting policies (continued)

Borrowings
The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The accounting policy on lease liabilities is as below:

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either: (i) the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions; or,

(ii) Barren option pricing model which takes into account largely the same factors as the above model, but also takes into account the relevant predetermined level (the barrier), with the fair value calculated using a trinomial lattice.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 2. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Jayex Technology Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for share splits or bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 18 for key input used in the valuation model for the fair valuation of derivative financial liability.

Estimation of useful lives of assets (note 11 and note 13)
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Goodwill and other indefinite life intangible assets (note 13)
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The fair value of the cash-generating units have been determined utilising the "Comparable Multiples of Revenue Methodology". These calculations require the use of assumptions, including revenue multiples of listed companies which are broadly comparable to the CGU considering their activities and services provided and market capitalisation, estimated discount rates and estimated revenues.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets (note 13)
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Valuation of embedded derivatives on convertible notes (note 15)
The convertible noted issued in 2020 financial year contains an embedded derivative representing the option to convert the convertible notes into equity shares. At each reporting period, the relevant derivative liability is valued using Monte Carlo simulation method to determine the conversion price and the Black-Scholes option valuation model is used to assess value of the Rights at valuation date. These calculations require the use of assumptions, including risk free rate and expected future volatility in the Company's shares.

Warranty provision
In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Estimates on the churn of customer relationships.
Management has estimated that the average customer retention is 11 years. Amortisation of intangible assets related to customer relationship is accordingly been amortised over 11 years. Existing customers pay an annual subscription renewal identifying the existing useful life of their product. Our churn is estimated to be at 3%. The majority of our customers are repeat purchasers.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into two operating segments: Australia and United Kingdom (UK). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation), excluding capital-raising expenses and share-based payments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

No changes to the policy above have occurred during the financial year.

Intersegment transactions
Intersegment transactions were made at market rates. The Australian operating segment charges a management fee to the United Kingdom operating segment. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
The consolidated entity does not have a major customer that contributes more than 10% or more to the consolidated entity's revenue.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 2021	Australia $'000	United Kingdom $'000	Total $'000
Revenue			
Sales to external customers	562	3,024	3,586
Total revenue	562	3,024	3,586
Other revenue	62	189	251
Segment operating expenses	(2,083)	(3,178)	(5,261)
EBITDA	(1,459)	35	(1,424)
Interest expense			(841)
Depreciation & amortisation expense			(702)
Impairment of goodwill and patents			(2,514)
Fair value change in the derivative instrument			1,038
Share based payment expense			(12)
Loss before income tax benefit			(4,455)
Current assets	257	1,859	2,116
Non-current assets	2,653	5,211	7,864
Total assets	2,910	7,070	9,980
Current liabilities	2,718	3,151	5,869
Non-current liabilities	820	1,904	2,724
Total liabilities	3,538	5,055	8,593

Consolidated - 2020	Australia $'000	United Kingdom $'000	Total $'000
Revenue			
Sales to external customers	850	4,219	5,069
Total revenue	850	4,219	5,069
Other revenue	268	277	545
Segment operating expenses	(1,755)	(3,969)	(5,724)
EBITDA	(637)	527	(110)
Interest expense			(380)
Depreciation & amortisation expense			(854)
Fair value change in the derivative instrument			246
Share based payment expense			-
Loss before income tax benefit			(1,098)
Current assets	561	2,191	2,752
Non-current assets	1,784	7,823	9,607
	2,345	10,014	12,359
Current liabilities	3,466	3,295	6,761
Non-current liabilities	769	1,452	2,221
	4,235	4,747	8,982

Note 5. Revenue

	Consolidated 2021 $'000	2020 $'000
From continuing operations		
Sales revenue	3,586	5,069

Sales revenue is revenue generated from the consolidated entity's healthcare industry service provision businesses.

For 2021, revenue includes $1,248,000 (2020: $1,568,000) included in the contract liability balance at the beginning of the period.

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2021 $'000	2020 $'000
Major product lines		
Supply and installation of Kiosks (at a point of time)	1,414	2,904
Software licences and support services (over time)	1,791	1,347
Extended warranty and software support (over time)	343	445
Software development customisation services (over time)	23	205
Software development supports services (over time)	15	168
	3,586	5,069

Note 6. Expenses

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Plant and equipment	35	40
Buildings right-of-use assets	160	172
Total depreciation	195	212
Amortisation		
Software	113	323
Customer relationships	314	319
Development cost	80	-
Total amortisation	507	642
Total depreciation and amortisation	702	854
Finance costs		
Interest and finance charges on borrowings and convertible notes	814	374
Interest and finance charges paid/payable on lease liabilities	27	6
Finance costs expensed	841	380
Superannuation expense		
Defined contribution superannuation expense	53	48
Employee benefits expense excluding superannuation and share based payments		
Employee benefits expense excluding superannuation and share based payments	2,983	3,103

Note 7. Discontinued operations

Description
On 17 May 2021, the Group sold its on-premises Acute hospital queue management business to Canadian based medical technology company Vitalhub Inc.

Under the agreement, Vitalhub acquired Jayex's hospital contracts in both the UK and Australia for a consideration of £1.04 million (~$1.9 million AUD) in cash and £0.26 million (~$0.47million AUD) in Vitalhub shares (150,078 shares in total).

Financial performance information

	Consolidated 2021 $'000	Consolidated 2020 $'000
Revenue	539	994
Raw materials and consumables used	(11)	(78)
Employee benefits expense	(218)	(587)
Professional services expenses	(91)	-
Other expense	(9)	(172)
Total expenses	(329)	(837)
Profit before income tax expense	210	157
Income tax expense	-	-
Profit after income tax expense	210	157
Gain on disposal before income tax	83	-
Income tax expense	(196)	-
Loss on disposal after income tax expense	(113)	-
Profit after income tax expense from discontinued operations	97	157

Details of the disposal

	Consolidated 2021 $'000	Consolidated 2020 $'000
Total sale consideration	2,173	-
Carrying amount of net assets disposed	(1,240)	-
Disposal costs	(850)	-
Gain on disposal before income tax	83	-
Income tax expense	(196)	-
Loss on disposal after income tax	(113)	-

Upon sale completion on 14 May 2021, against the total sales consideration of £1.3m, Company received 150,078 shares in Vitalhub for £260k (equivalent to $468k). For the cash component the consideration, the company received initial cash proceeds of £357k (equivalent to $643k). This was based on the cash component of consideration of £1,040k (equivalent to $1.9 million) net of:

(a) £99k (equivalent to $178k) withheld by Vitalhub in-lieu of cash received in advance by the company from the customers; and

(b) £584k (equivalent to $1,076k) for following escrowed consideration components:

Note 7. Discontinued operations (continued)

(i) Escrowed consideration 1:
£156k (equivalent to $281k) of cash consideration is placed under six-month Escrow from the date of completion of sale with a third-party Riverside Escrow Limited, secured against any future unknown related to a Litigation Warranties against the Jayex Acute Business.

(ii) Escrowed consideration 2:
£428k (equivalent to $788k) of consideration receivable, which was equivalent to the recurring annual revenue attributable to such Customer Contracts multiplied by 3.1 which was invoiced but unsettled at the point-of-Sale completion, is held in escrow and is contingent upon a future event taking place (the receipt of cash from customers). ('Contingent Asset').

For Escrowed consideration 1, at the end of the escrow period, the company received £84k (equivalent to $144k) in August 2021. The total sale consideration reported above has been reduced by the withheld consideration of £72k.

Subsequent to sale completion, during the period ended 31 December 2021 £396k (equivalent to $740k) of the Escrowed Consideration 2 was released out of £428k. The balance £32k being a contingent asset (refer to note 25) is adjusted out from the cash component consideration of £1,040k for the purpose of the total sale consideration above. Out of $740k consideration released, $121k was receivable as of 31 December 2021.

The company received $1,584k from the disposal of the Acute business with $121k receivable as at 31 December 2021. Refer to the statement of cashflows for cash flows from discontinued operations and disposal of Acute business.

Note 8. Trade and other receivables

	Consolidated 2021 $'000	**Consolidated 2020 $'000**
Trade receivables, net of expected credit losses	819	1,153
Other receivables	19	20
	838	1,173

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate 2021 %	**Expected credit loss rate** 2020 %	**Carrying amount** 2021 $'000	**Carrying amount** 2020 $'000	**Allowance for expected credit losses** 2021 $'000	**Allowance for expected credit losses** 2020 $'000
Not overdue	-	-	493	214	-	-
0 to 3 months overdue	-	-	243	537	-	-
3 to 6 months overdue	33.00%	19.00%	125	494	(42)	(92)
Over 6 months overdue	-	-	-	-	-	-
			861	1,245	(42)	(92)

Note 9. Financial assets at fair value through other comprehensive income

	Consolidated	
	2021 $'000	2020 $'000
Investment in Vitalhub shares	536	-

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2021 $'000	2020 $'000
Opening fair value	-	-
Additions	479	-
Revaluation increments	57	-
Closing fair value	536	-

On 14 May 2021, in-part consideration towards the sales of Acute business for GBP 260k (equivalent to $472k), the company were issued 150,078 shares in Vitalhub Corporation at CAD 2.915 per share. These investment in shares is classified as level 1 in fair value measurement hierarchy as the Vitalhub Corporation is listed on Toronto Stock Exchange (TSXV: VHI). As at 31 December 2021, the investment in share is fair valued based on the quoted market price of CAD 3.30 per share at $536k. At the time of initial recognition, the company has made an irrevocable election for these investments to present subsequent changes in fair value in other comprehensive income.

Refer to note 22 for further information on fair value measurement.

Note 10. Financial assets at fair value through profit or loss

	Consolidated	
	2021 $'000	2020 $'000
Investment in Brainworks	1,369	-

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2021 $'000	2020 $'000
Opening fair value	-	-
Additions	1,848	-
Revaluation increments	57	-
Closing fair value	1,905	-

Note 10. Financial assets at fair value through profit or loss (continued)

On 30 July 2021 Jayex Technology Limited executed a binding Head of Agreement ('HoA') for the strategic investment into Brainworks Foundry Inc. ('Brainworks'), based in Delaware, United States. Brainworks’ Smart Health AI technology platform is currently undergoing preliminary clinical trials and is designed to allow a patient’s vital signs, incl. heart rate, respiratory rate, blood oxygenation etc. to be measured simply by pointing the camera of a smartphone at the patient’s face for 5-30 seconds. The platform can securely store a patient’s health data and deliver test results to key healthcare professionals and other non-regulated stakeholders. Medio Labs, a brand operating under and owned by Brainworks, is a new AI-enhanced healthcare service developed by applying Brainworks’ latest discoveries in AI and neuroscience and molecular sensing. The investment into Brainworks fits with Jayex’s renewed and repositioned business model, and to extend its SaaS Connect data management capabilities for GP Clinics into more GP/Patient related services such as remote patient monitoring.

Following the HoA, the company has invested $1.36 million in Brainworks to subscribe 1,234,566 Brainworks shares at an issue price of USD 0.81 for a total consideration of USD 1 million (equivalent to ÄUD 1.36 million). The investment has been held at fair value with subsequent changes carried through the statement of profit or loss. The investment has been held at fair value with subsequent changes carried through the statement of profit or loss.

Refer to note 22 for further information on fair value measurement.

Note 11. Plant and equipment

	Consolidated	
	2021 $'000	2020 $'000
Leasehold improvements - at cost	180	136
Less: Accumulated depreciation	(14)	-
	166	136
Plant and equipment - at cost	27	29
Motor vehicles - at cost	54	53
Less: Accumulated depreciation	(54)	(53)
	-	-
Office equipment - at cost	259	246
Less: Accumulated depreciation	(259)	(236)
	-	10
Furniture and fittings - at cost	93	89
Less: Accumulated depreciation	(93)	(79)
	-	10
	193	185

Note 11. Plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Furniture & fittings $'000	Office equipment $'000	Motor vehicle $'000	Plant & equipment $'000	Leasehold improvement $'000	Total $'000
Balance at 1 January 2020	33	21	7	29	139	229
Additions	-	1	-	-	-	1
Exchange differences	(1)	(1)	-	-	(3)	(5)
Depreciation expense	(22)	(11)	(7)	-	-	(40)
Balance at 31 December 2020	10	10	-	29	136	185
Additions	-	-	-	-	44	44
Depreciation expense	(10)	(10)	-	(2)	(14)	(36)
Balance at 31 December 2021	-	-	-	27	166	193

Note 12. Right-of-use assets

	Consolidated 2021 $'000	**Consolidated 2020 $'000**
Land and buildings - right-of-use	704	431
Less: Accumulated depreciation	(457)	(299)
	247	132

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings - right-of-use $'000	Total $'000
Balance at 1 January 2020	236	236
Additions	68	68
Depreciation expense	(172)	(172)
Balance at 31 December 2020	132	132
Additions	301	301
Disposals	(26)	(26)
Depreciation expense	(160)	(160)
Balance at 31 December 2021	247	247

Note 13. Intangibles

	Consolidated 2021 $'000	Consolidated 2020 $'000
Goodwill - at cost	10,104	9,805
Less: Impairment	(6,465)	(4,085)
	3,639	5,720
Product development - at cost	1,069	975
Less: Accumulated amortisation	(80)	-
	989	975
Patents and trademarks - at cost	-	586
Software platform - at cost	1,813	1,726
Less: Accumulated amortisation - Software	(1,450)	(1,273)
	363	453
Customer relationships - at cost	2,551	3,181
Less: Accumulated amortisation - Customer relationships	(2,077)	(1,678)
	474	1,503
	5,465	9,237

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Patents & trademarks $'000	Software platform $'000	Customer relationships $'000	Development cost $'000	Total $'000
Balance at 1 January 2020	6,060	586	680	1,914	852	10,092
Additions	-	-	121	-	143	264
Exchange differences	(340)	-	(25)	(92)	(20)	(477)
Amortisation expense	-	-	(323)	(319)	-	(642)
Balance at 31 December 2020	5,720	586	453	1,503	975	9,237
Disposals	(452)	-	(57)	(788)	-	(1,297)
Additions	-	-	-	-	94	94
Exchange differences	299	-	80	73	-	452
Impairment of assets	(1,928)	(586)	-	-	-	(2,514)
Amortisation expense	-	-	(113)	(314)	(80)	(507)
Balance at 31 December 2021	3,639	-	363	474	989	5,465

The carrying value of patents & trademarks has been measured on an amortised cost basis. An independent valuation was obtained during the year ended 31 December 2019 which made several key assumptions about the potential sizes of the markets for the patents and trademarks, adoption rates and revenues and costs associated with transactions. In 2021 the directors have re-considered the carrying value in reference to this report and now believe that the Bluepoint vending machine for medication distribution has no commercial viability. As such, it has been deemed that it would result in full impairment to the patents and trademarks with the business plan changing, the directors no longer see the benefit of holding Bluepoint vending machine patents in relation to medication distribution.

Note 13. Intangibles (continued)

Goodwill

For the purpose of ongoing annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises:

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Jayex Technology Limited (United Kingdom)	3,639	5,720

Methodology

The Company used an independent valuer to determine if any impairment has been experienced. The independent valuer utilised the “Comparable Multiples of Revenue Methodology” to determine the fair value of the cash generating unit (CGU). The method is based on publicly-available information, this methodology ascertains the multiple at which a company might trade on an exchange or the valuation at which it might transact. Revenue or earnings multiples of valuation outputs such as Equity Value (EV) can be utilised in the valuation.

Impairment testing for CGUs containing goodwill

Goodwill arose in the business combinations for the acquisition of Jayex Technology Limited in 2015. It represented the excess of the cost of the acquisition over the fair value of the Group’s share of the identifiable net assets acquired and contingent liabilities assumed at the date of acquisition. Goodwill is allocated to the Group’s cash generating units identified according to the Group’s operating segments for impairment testing purposes.

In assessing whether an impairment adjustment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value-in-use.

Key assumptions

The method is based on publicly available information (which are level 2 and 3 inputs in fair value hierarchy), this methodology ascertains the multiple at which a company might trade on an exchange or the valuation at which it might transact. Revenue or earnings multiples of valuation outputs such as equity value can be utilised in the valuation.

For the 2021 reporting period, "Comparable Multiples of Revenue Methodology” is utilised to determine the fair value of the cash generating units (CGU) which require the use of assumptions. The calculations used historical revenue for the past 3 years, forecasted revenue over one-year period and comparable trading multiples from the industry or specific firms, then applying them to the business’ operating metrics.

Similar to the CGU, the selected companies have little or no earnings. We have adopted the revenue multiples to value the CGU. To derive the appropriate revenue multiples, companies considered directly comparable were shortlisted and the average historical (FY2021) revenue multiples of comparable companies was calculated to be 1.9x. As a sensitivity check we have applied a discount to the average historical (FY2021) revenue multiples in 20%-30% range with no impairment scenarios reported.

The revenue projections are based on financial budgets approved by management covering a one-year period. The following factors were considered when reviewing the historical performance and projections of JTL’s UK CGU:

Note 13. Intangibles (continued)

- Primarily, the CGU derives revenue from provision of integrated SaaS healthcare services delivery platforms. This consist of supplying software licencing, software development customisation and support services, supply and installation of kiosk, and extended software warranty.

- The revenue has declined over the last few years, but is forecast to recover in FY2022 and beyond. Management is forecasting revenues of £3.65m and the key drivers for growth is additional hardware sales revenue, which represents an improved growth rate in the revenue from FY2021. However, for the purposes of our revenue multiples based valuation, the most recent historical revenue was used to apply the multiple. The selected revenue for the CGU is £1.87m.

- The CGU has reported no earnings in the last 3 years, hence it is most appropriate to use a revenue based multiple to value the CGU.

Apart from the considerations described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

In determining the value of the CGU the Company engaged an independent valuation specialist.

Impairment

The Consolidated entity has performed an impairment assessment based on its cash generating units, which is Jayex Technology CGU.

As a result of the assessment the Company has recognised an impairment to goodwill asset of $1.93 million in relation to the Jayex Technology CGU for the year ended 31 December 2021.

Note 14. Trade and other payables

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Trade payables	206	249
Accrued expenses	407	715
GST and VAT payable	154	518
Other payables	266	510
	1,033	1,992

Refer to note 21 for further information on financial instruments.

Note 15. Borrowings

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Derivative liability	69	1,140
Borrowings - current	409	88
Convertible notes payable	2,129	1,733
	2,607	2,961

Note 15. Borrowings (continued)

In 2020 financial year, the Company issued 3,000,000 convertible notes each having a face value of $1.00 to Covenant Holding (WA) Pty Ltd towards the settlement of its $3m borrowings. Convertible notes are unsecured and bears an interest rate of 6.5% per annum. The Convertible Notes are convertible into Shares in whole or in part at the sole election of the Noteholder at the Conversion Price at any time on or before the redemption date. Conversion Price will be determined as the greater of $0.05 and a 20% discount to the volume weighted average price of Shares on the ASX calculated over the 30 days on which trades in Shares were recorded immediately prior to the conversion date. Convertible notes are repayable on 13 October 2022, being the redemption date, for the balance of convertible notes not converted into shares as at that date.

During the year ended 31 December 2021, the company repaid $300,000 of Convertible Notes. As of 31 December 2021, there are 2,700,000 convertible notes outstanding with the carrying value of $2,129,000 (with face value of $2,700,000). These are payable on 13 October 2022, if not converted into shares as at that date.

The convertibles notes contain an embedded derivative representing the option to convert the convertible notes into equity shares. At the inception date on 13 October 2020, this derivative liability was fair valued at $1,386,000. As of 31 December 2021, the derivative liability was fair valued at $69,049 (31 December 2020: $1,140,000). The change in the fair value is recognised in the statement of profit and loss.

The derivative liability is classified as level 3 in fair value measurement hierarchy as detailed in note 3. The derivative liability is valued using Monte Carlo simulation method to determine the conversion price and the Black-Scholes option valuation model is used to assess value of the Rights at valuation date. Key input used in the valuation is as follows:

Assumptions	Conversion Right at 31 December 2021
Valuation date	31 December 2021
Spot price	$0.019
Conversion price	$0.050
Risk free rate	0.54%
Expected future volatility	90%
Expiry date	13 October 2022
Fair value per Right	$0.0013
Fair value of derivative liability	$69,049

As at 31 December 2021, a 1% increase / decrease in the fair value per right would increase/ decrease fair value of derivative liability by approximately $7k.

Refer to note 18 for the information on borrowings.

Note 16. Provisions

	Consolidated	
	2021 $'000	**2020 $'000**
Provision for warranties	147	195
Provision for credit notes	68	25
	215	220

Warranties
The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Note 16. Provisions (continued)

Credit notes
The provision represents the estimated credit notes which may be granted in future periods in respect of products sold prior to the reporting date. The provision is estimated based on historical credit note information, sales levels and any recent trends that may suggest future issues of credit notes could differ from historical amounts.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2021	Warranties $'000	Credit notes $'000
Carrying amount at the start of the year	195	25
Additional provisions recognised	-	43
Reduction in provision required	(48)	-
Carrying amount at the end of the year	147	68

Note 17. Contract liabilities

Contract liabilities consist of the following:

	Consolidated	
	2021 $'000	**2020 $'000**
Contract liabilities - Deferred service income	1,615	1,436

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2021	2020
Opening balance	1,436	1,788
Payment in advance	1,930	1,819
Transfer to Revenue - included in the opening balance	(1,248)	(1,568)
Transfer to Revenue - revenue originated during the year	(503)	(603)
Closing balance	1,615	1,436

Contract liabilities represents sales invoiced in advance for the provision of contracted services.

Note 18. Borrowings

	Consolidated 2021 $'000	2020 $'000
Borrowings - non-current	2,455	1,716

Refer to note 21 for further information on financial instruments.

The above loan comprises of:

(i) $744k loan that have been advanced to the consolidated entity by a related party. Refer note 26 for further information.
(ii) GBP 600k from National Westminster Bank, United Kingdom with an interest rate of 2.05% per annum. This loan is repayable by June 2026 with repayment started from July 2021. As at 31 December 2021, current and non-current portions of loan are at GBP 120k (equivalent to $223k) and GBP420k (equivalent to $781k) respectively.
(iii) GBP 600k from National Westminster Bank, United Kingdom with an interest rate of 2.05% per annum. This loan is repayable by February 2027 with repayment starting from March 2022. As at 31 December 2021, current and non-current portions of loan are at GBP 100k (equivalent to $186k) and GBP500k (equivalent to $930k) respectively.

Note 19. Issued capital

	Consolidated 2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	249,228,539	201,363,024	28,112	26,861

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$'000
Balance	1 January 2020	172,613,024		26,166
Share options exercised	28 February 2020	1,250,000	$0.01	7
Share options exercised	04 March 2020	2,500,000	$0.01	14
Share placement to professional and sophisticated investors	07 September 2020	25,000,000	$0.28	700
Capital raising costs		-	$0.00	(26)
Balance	31 December 2020	201,363,024		26,861
Placement of shares	4 June 2021	19,090,755	$0.03	573
Rights issue	22 September 2021	28,774,760	$0.03	719
Capital raising costs		-	$0.00	(41)
Balance	31 December 2021	249,228,539		28,112

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 19. Issued capital (continued)

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. No external requirements have been imposed on the consolidated entity in regards to capital management.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

No changes to what is regarded as capital nor how it is managed have occurred during the financial year.

Note 20. Reserves

	Consolidated	
	2021 $'000	**2020 $'000**
Financial asset reserve	57	-
Foreign currency reserve	(1,459)	(2,128)
Share-based payments reserve	12	-
	(1,390)	(2,128)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $'000	Share-based payments reserve $'000	Financial asset reserve $'000	Total $'000
Balance at 1 January 2020	(1,469)	21	-	(1,448)
Foreign currency translation	(659)	-	-	(659)
Exercise of options	-	(21)	-	(21)
Balance at 31 December 2020	(2,128)	-	-	(2,128)
Foreign currency translation	669	-	-	669
Shared-based payments	-	12	-	12
Movement in the value of investments	-	-	57	57
Balance at 31 December 2021	(1,459)	12	57	(1,390)

Financial asset reserve relates to revaluation movement in the financial assets at fair value through other comprehensive income in note 9.

Note 21. Financial instruments

Financial risk management objectives

The entity's principal financial instruments comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables and borrowings. The main purpose of these financial instruments is to finance the entity's operations. The entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the entity's policy that no trading in financial instruments shall be undertaken.

There are no major risks arising from the entity's financial instruments, as no significant term deposits/cash investments are maintained. Minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

This exposure could have a material effect on the results of the consolidated entity in the long term, in particular the exchange differences arising from the translation of the consolidated entity's net investment in Jayex Technology Limited (JUK), and its future revenue and expense streams.

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rate 2021	Average exchange rates 2020	Reporting date exchange rate 2021	Acquisition date exchange rate 2020
Australian dollars				
Pound sterling (GBP)	0.5461	0.5378	0.5376	0.5657
New Zealand dollar (NZD)	1.0619	1.0615	1.0628	1.0660
United States dollar (USD)	0.9418	-	0.9245	-
Canadian dollar (CAD)	0.7514	-	0.7256	-

As noted above, foreign currency risk arises when future commercial transactions and recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**
Pound Sterling	1,650	1,973	5,164	4,880
New Zealand dollars	56	48	675	723
Canadian dollars*	536	-	-	-
United States dollars**	1,369	-	-	-
	3,611	2,021	5,839	5,603

Note 21. Financial instruments (continued)

* This relates to investment in the shares of Vitalhub Corporation listed on Toronto Stock Exchange (TSXV: VHI) in Canadian dollars.
** This relates to investment in the shares of Brainworks Foundry Inc. based United States of America. The shares were issued with share price in United States dollars.

The consolidated entity has exposure to fluctuations between the UK Pound Sterling, the New Zealand dollars, the United States dollar, the Canadian dollar and the Australian dollars. If the Australian dollar weakened /strengthened against the UK Pound Sterling, by 1% it would increase/decrease the net asset position of the consolidated entity by approximately $20,000/$20,000 respectively (31 December 2020: $53,000/$52,000 respectively). If the Australian dollar weakened /strengthened against the New Zealand dollar by 1% it would increase/decrease the net asset position of the consolidated entity by approximately $6,000/$6,000 respectively (31 December 2020: $3,000/$3,000 respectively). If the Australian dollar weakened /strengthened against the United States dollar by 1% it would increase/decrease the net asset position of the consolidated entity by approximately $14,000/$13,000 respectively (31 December 2020: nil). If the Australian dollar weakened /strengthened against the Canadian dollar by 1% it would increase/decrease the net asset position of the consolidated entity by approximately $5,400/$5,300 respectively (31 December 2020: nil).

Price risk
The consolidated entity is not exposed to any significant price risk except for investment in the Vitalhub shares which are listed on Toronto Stock Exchange (TSXV: VHI). Refer to note 10 for more information.

Interest rate risk
The consolidated entity is not exposed to any significant interest rate risk.

As at reporting date the consolidated entity has cash at bank of $983,000 and borrowings of $5,062,000. Cash at bank as at reporting date is held in a number of bank accounts, operated by the consolidated entity's parent entity and its subsidiaries and its head office function. Interest on bank accounts is insignificant. The interest rates on borrowings are at fixed rates of 6.5 percent per annum on the face value of the convertible notes of $2,700,000 and 2.05 percent per annum on a loan of $2,120,536 (equivalent to GBP1,140,000). Any feasible change in market rates is not expected to have a material impact on the financial results of the consolidated entity. Refer to note 15 for further information on convertible notes.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group’s policy is to deal only with creditworthy counterparties.

Other than trade receivables, the consolidated entity's main counterparties are major, reputable banks and government sales tax authorities. The consolidated entity is satisfied that the risk of default on the part of these counterparties is low.

Note 21. Financial instruments (continued)

The consolidated entity’s management considers that all of the financial assets referred to above that are not impaired or past due at the reporting date are of good credit quality.

Liquidity risk
The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	626	-	-	-	626
Accruals	-	407	-	-	-	407
Borrowings	-	-	744	-	-	744
Lease liabilities	-	150	113	-	-	263
Interest-bearing						
Borrowings	2.05%	409	1,711	-	-	2,120
Convertible notes	6.50%	2,129	-	-	-	2,129
Total non-derivatives		3,721	2,568	-	-	6,289
Derivatives						
Derivative liability	-	69	-	-	-	69
Total derivatives		69	-	-	-	69

Consolidated - 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,277	-	-	-	1,277
Accruals	-	715	-	-	-	715
Borrowings	-	-	743	-	-	743
Lease liabilities	-	98	23	-	-	121
Interest-bearing						
Borrowings	2.05%	88	212	637	124	1,061
Convertible notes	6.50%	-	1,733	-	-	1,733
Total non-derivatives		2,178	2,711	637	124	5,650
Derivatives						
Derivative liability	-	1,140	-	-	-	1,140
Total derivatives		1,140	-	-	-	1,140

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 21. Financial instruments (continued)

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 22. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investment in Vitalhub shares	536	-	-	536
Investment in Brainworks	-	-	1,369	1,369
Total assets	536	-	1,369	1,905
Liabilities				
Derivative liability	-	-	69	69
Total liabilities	-	-	69	69

Consolidated - 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Derivative liability	-	-	1,140	1,140
Total liabilities	-	-	1,140	1,140

There were no transfers between levels during the financial year.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Investment in Brainworks $'000	Total $'000
Balance at 1 January 2020	-	-
Balance at 31 December 2020	-	-
Transfers into level 3	-	-
Transfers out level 3	-	-
Gains recognised in profit or loss	-	-
Additions	1,369	1,369
Disposals	-	-
Balance at 31 December 2021	1,369	1,369

Note 22. Fair value measurement (continued)

The level 3 financial assets unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Valuation methodology	Sensitivity
Unlisted shares	Acquisition cost	Retention at acquisition cost where the investment was within six months of the valuation date. The Company assessed that there has been no material change in the prospects of the investee	A 10% increase/decrease in shares would increase/decrease the net asset position of the consolidated entity by approximately $137k respectively.

Refer to note 15 for unobservable inputs and sensitivity on derivative liability.

Note 23. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2021	**2020**
	$	**$**
Short-term employee benefits	555,959	576,429
Post-employment benefits	28,663	20,478
Share-based payments	7,160	-
	591,782	596,907

Note 24. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by the auditor of the Company, and its network firms:

	Consolidated	
	2021	**2020**
	$	**$**
Audit services		
Audit or review of the financial statements	58,500	97,000
Other services		
Preparation of the tax return	2,500	5,000
	61,000	102,000
Audit services - network firms		
Audit or review of the financial statements	53,562	53,031

Note 25. Contingent assets

On 17 May 2021, the Group sold its on-premises Acute hospital queue management business to Canadian based medical technology company Vitalhub Inc. £428k of consideration receivable, which was equivalent to the recurring annual revenue attributable to such Customer Contracts multiplied by 3.1 which was invoiced but unsettled at the point-of-Sale completion, is held in escrow and is contingent upon a future event taking place (the receipt of cash from customers). On proof of settlement these Escrow held recurring revenue amounts will be released on request. Subsequent to sale completion, during the period ended 31 December 2021, the company received £396k which is recognised as the sale consideration (refer to note 7 for information). The balance of the contingent asset of £32k (2020: nil) has not been recognised as a receivable at 31 December 2021.

Note 26. Related party transactions

Parent entity
Jayex Technology Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the Directors' report.

Transactions with related parties
The following transactions occurred with related parties. All transactions were carried out on arm's length terms on a basis which is no more or less favourable than if the transactions had occurred with non-related entities except for the interest free loans disclosed in the Terms and Condition section below.

	Consolidated	
	2021 **$**	**2020** **$**
Other transactions:		
Loan interest paid or payable to Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)	-	254,544
Interest on convertible Notes issued to Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)	183,172	47,963

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021 **$**	**2020** **$**
Current payables:		
Accrued loan interest payable to Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)	-	15,072

The payables due to related parties were payable on demand and did not bear interest.

Note 26. Related party transactions (continued)

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2021 $	2020 $
Current borrowings:		
Convertible Notes issued to Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)*	2,129,000	-
Non-current borrowings:		
Loans from Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)	555,000	555,000
Loan from Michael Boyd, Executive Chair	188,517	188,517
Convertible Notes issued to Covenant Holdings (WA) Pty Ltd (an entity related to Executive Chair Michael Boyd)*	-	1,733,000

* As at 31 December 2021, the convertible notes has the face value of $2,700,000 (31 December 2020: $3,000,000). Refer to note 15 for further information on convertible notes.

Terms and conditions

Loans
The terms of the loans made by Covenant Holdings (WA) Pty Ltd to companies within the consolidated entity are as follows:

(i) Loan to P2U Pty Ltd: Balance as at 31 December 2021 and 31 December 2020 - $55,000; loan is interest free, unsecured and is repayable on 1 April 2022.
(ii) Loan to Whakaora Hou Limited: Balance as at 31 December 2021: $500,000 (31 December 2020: 500,000); loan is interest free, unsecured and is repayable on 1 April 2022.
(iii) Loan from Michael Boyd, Executive Chair to Whakaora Hou Limited: Balance as at 31 December 2021: $188,517 (31 December 2020: $188,517) This is an interest free unsecured loan and is repayable on 1 April 2023.

Convertible notes
Convertible Notes are unsecured and issued on 13 October 2020 at an interest rate of 6.5% per annum. These are repayable on 13 October 2022 for balance not converted into shares. Refer to note 15 for further information on convertible notes.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2021 $'000	2020 $'000
Loss after income tax	(535)	(800)
Total comprehensive loss	(535)	(800)

Note 27. Parent entity information (continued)

Statement of financial position

	Parent	
	2021 $'000	2020 $'000
Total current assets	19	813
Total assets	11,109	7,917
Total current liabilities	6,341	3,260
Total liabilities	6,341	3,260
Equity		
Issued capital	27,438	26,861
Financial asset reserve	57	-
Share-based payments reserve	12	-
Accumulated losses	(22,739)	(22,204)
Total equity	4,768	4,657

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021 or 31 December 2020.

Contingent liabilities
With the exception of any matter referred to note 33 Contingent liabilities, the parent entity had no contingent liabilities as at 31 December 2021 or 31 December 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 or 31 December 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- dividends received from subsidiaries are recognised as other income by the parent entity.

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Jayex Technology Limited	United Kingdom	100.00%	100.00%
P2U Pty Ltd	Australia	100.00%	100.00%
Jayex Australia Pty Ltd	Australia	100.00%	100.00%
Express RX Pty Ltd	Australia	100.00%	100.00%
Appointuit Pty Ltd	Australia	100.00%	100.00%
Jayex New Zealand Limited	New Zealand	100.00%	100.00%
Whakaora Hou Limited	New Zealand	100.00%	100.00%

Note 29. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2021 $'000	2020 $'000
Loss after income tax (expense)/benefit for the year	(3,979)	(799)
Adjustments for:		
Depreciation and amortisation	702	854
Net loss on disposal of property, plant and equipment	53	-
Share-based payments	12	-
Non-cash interest expense	617	(136)
Fair value remeasurement of derivative financial instrument	(1,038)	(246)
Loss on disposal of Acute business	(83)	-
Impairment of intangible assets	2,514	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	445	613
Decrease in inventories	94	6
Decrease in prepayments	7	-
Increase/(decrease) in trade and other payables	(636)	145
Decrease in deferred tax liabilities	(158)	(181)
Increase/(decrease) in employee benefits	6	(17)
Increase/(decrease) in other provisions	8	(71)
Increase/(decrease) in deferred revenue	179	(351)
Net cash used in operating activities	(1,257)	(183)

Note 31. Earnings per share

	Consolidated	
	2021 $'000	2020 $'000
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Jayex Technology Limited	(4,076)	(956)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	220,230,242	183,609,599
Weighted average number of ordinary shares used in calculating diluted earnings per share	220,230,242	183,609,599
	Cent	**Cent**
Basic earnings per share	(1.9)	(0.5)
Diluted earnings per share	(1.9)	(0.5)

Note 31. Earnings per share (continued)

	Consolidated 2021 $'000	2020 $'000
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Jayex Technology Limited	97	157

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	220,230,242	183,609,599
Weighted average number of ordinary shares used in calculating diluted earnings per share	220,230,242	183,609,599

	Cent	Cent
Basic earnings per share	-	0.1
Diluted earnings per share	-	0.1

	Consolidated 2021 $'000	2020 $'000
Earnings per share for loss		
Loss after income tax attributable to the owners of Jayex Technology Limited	(3,979)	(799)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	220,230,242	183,609,599
Weighted average number of ordinary shares used in calculating diluted earnings per share	220,230,242	183,609,599

	Cent	Cent
Basic earnings per share	(1.8)	(0.4)
Diluted earnings per share	(1.8)	(0.4)

Number of contingent shares not included in the diluted earnings per share calculation as they are anti-dilutive: 500,000 (2020: nil).

Note 32. Share-based payments

(a) Share-based compensation

During the year no ordinary shares were issued to directors and employees as part of compensation.

(b) Employee options

A share option plan (Plan) has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to certain employees of the consolidated entity. In accordance with the Plan options were issued in 2016 for nil consideration and were granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. As the instruments issued in 2016 have a nil exercise price, they represent performance rights; these are referred to as "options" in these financial statements and the accompanying directors' report.

During the year the Company has issued 750,000 unlisted options (exercisable at $0.05 expiring three from the grant date) to the key managerial personnel and employees of the Group.

Note 32. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

	Number of options 2021	Weighted average exercise price 2021	Number of options 2020	Weighted average exercise price 2020
Outstanding at the beginning of the financial year	-	$0.00	3,750,000	$0.00
Granted	750,000	$0.05	-	$0.00
Forfeited	(250,000)	$0.05	-	$0.00
Exercised	-	$0.00	(3,750,000)	$0.00
Expired	-	$0.00	-	$0.00
Outstanding at the end of the financial year	500,000	$0.05	-	$0.00

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/03/2021	29/03/2024	$0.05	-	250,000	-	-	250,000
04/05/2021	03/05/2024	$0.05	-	250,000	-	-	250,000
04/05/2021	03/05/2024	$0.05	-	250,000	-	(250,000)	-
			-	750,000	-	(250,000)	500,000
Weighted average exercise price			$0.00	$0.05	$0.00	$0.05	$0.05

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/04/2019	30/04/2022	$0.00	3,750,000	-	(3,750,000)	-	-
			3,750,000	-	(3,750,000)	-	-

The fair value of the options issued during the year was determined at $12,187 using the Black Scholes option pricing model using the following inputs:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/03/2021	29/03/2024	$0.05	$0.05	95.00%	-	0.10%	$0.029
04/05/2021	03/05/2024	$0.04	$0.05	94.00%	-	0.11%	$0.020

Note 33. Contingent liabilities

The Group had no material contingent liabilities as at the date of this report (2020:nil).

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Directors' declaration
31 December 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Michael Boyd
Chairman

31 March 2022
Melbourne

Jayex Technology Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Jayex Technology Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial report, which describes that for the year ended 31 December 2021 the Group incurred a loss of $3,979,000 and net cash outflows from operating activities of $1,257,000. These conditions, along with other matters set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of intangible assets	
Area of focus	**How our audit addressed it**
As at 31 December 2021 the directors commissioned the use of an expert to assess impairment on a *fair value less costs to sell approach*, evaluating its Jayex Technology cash-generating unit, which is the sole cash-generating unit holding goodwill as disclosed in Note 13. In applying a revenue multiple approach, the directors concluded that an impairment charge of $1.9m (with an additional impairment charge of $452k brought to account as a result of the sale of the Acute business during the year) was necessary to ensure that the recoverable value of the cash-generating unit was not less than the carrying value of its assets and liabilities. Due to the high level of judgement and significant carrying amounts involved, we have determined that this is a key audit matter.	Our audit procedures included: — Considering and assessing management's determination of its cash generating units ('CGU'); — Assessing the appropriateness of the impairment test methodology used; — Corroborating and substantiating the valuation compared with the net assets of the Company; — Reviewing the movement in the value of goodwill through the profit and loss including the portion attributable to the sale of the Acute business; — Conducting sensitivity testing to key inputs in the valuation model; and — Appraising the independence and competence of the third-party specialist employed to derive the revenue multiples used in the impairment assessment. We also ensured that these matters were completely and accurately disclosed in the financial statements.
Discontinued operations	
Area of focus	**How our audit addressed it**
As disclosed in Note 7 to the financial statements, during the year, the Group completed the sale of its on-premises Acute hospital queue management business to Canadian based medical technology company Vitalhub Inc ("Vitalhub"). Under the agreement, Vitalhub acquired the Group's hospital contracts in both the UK and Australia for a consideration of £1.04 million (~$1.9 million AUD) in cash and £0.26m (~$0.47 million) in Vitalhub shares (TSX:VHI) (150,078 shares in total) which is listed on the Toronto Stock Exchange.	Our audit procedures included: — Determining that the Acute business met the definition of a *discontinued operation* as defined under AASB 5; — Evaluating the terms and conditions with respect to the business sale and its related agreements; — Evaluating the disposal date balances and assessing the loss on disposal and associated tax implications; — Agreeing the fair value of the Vitalhub shares to the listed price on the Toronto Stock Exchange as at 31 December 2021; and

Discontinued operations (continued)	
Area of focus	**How our audit addressed it**
As disclosed in Note 25, a further £32k (~$60k AUD) is receivable contingent upon the settlement of amounts invoiced but unpaid at transaction date. Due to the significance of the transaction to the Company's financial position and performance during the year, discontinued operations are considered a key audit matter.	— Assessing the value of the consideration including the likelihood of recovery of consideration receivable and amounts disclosed as a contingent asset. We also ensured that these matters were completely and accurately disclosed in the financial statements, including the quarantining of results relating to the Acute business as a discontinued operation in the statement of profit or loss, including the restatement of comparatives for that business.

Convertible Notes	
Area of focus	**How our audit addressed it**
The Group has issued convertible notes to a major shareholder and related party, Covenant Holdings (WA) Pty Ltd. As discussed in Note 15, the convertible notes have a variable equity conversion clause, which on conversion will entitle the noteholder to acquire shares at a discount of 20% to the 30-day volume weighted average traded price of the Company's shares, subject to a price floor of 5 cents per share. As this conversion clause is variable in nature, it is considered to be a financial derivative contract and from original recognition it is separately fair valued on the statement of financial position, and then subsequently fair valued through the profit or loss at each reporting date. A decrement to the fair value of the embedded derivative liability of $1m was recognised as a gain to the profit or loss during the year. The directors commissioned an external expert to appraise the fair value of the derivative as at initial recognition and at reporting date. That expert employed a Monte-Carlo simulation model.	Our audit procedures included; — Understanding the terms of the convertible note agreement, including an assessment of the variable conversion clause as meeting the definition of an embedded derivative under accounting standards; — Assessing the work, independence and skill of the external expert in calculating the value of the embedded derivative, including the appropriateness of the simulation model employed in the calculation and the inputs and assumptions used; — Ensuring the movement in the fair value of the embedded derivative appropriately booked to the profit or loss; and — Ensuring that the unwind interest charge was appropriate in accreting value to the underlying host contract as it matures. We also ensured that these matters were completely and accurately disclosed in the financial statements, including the directors' assertion in the related parties note disclosure that the convertible note is at arms-length terms.

Convertible Notes (continued)	
Area of focus	**How our audit addressed it**
In addition to the above, at each reporting date the Group journals an interest accrual to unwind the discount of the underlying host contract from its initial recognition through to its face value at the maturity of the notes. The directors have represented that the convertible notes, both in the related party transactions note and in the Remuneration Report are at arms-length terms. We consider accounting for convertible notes to be a key audit matter due to the complexity and significant judgement involved in the determination of the fair value of the embedded derivative.	

Financial Assets through Profit & Loss	
Area of focus	**How our audit addressed it**
As disclosed in Note 10, during the year, the Group paid $1,368,846 to acquire Standard Preferred Stock in Brainworks Foundry Inc which is an unlisted company registered in Delaware, United States. As at 31 December 2021, there has been no change to the fair value of investment held at cost being the issue price of USD 0.81 for a total of 1,234,566 common preferred stock. This investment is classified as a financial asset carried at fair value with changes recorded in the profit or loss. This is a key audit matter due to complexities around the accounting treatment for the initial classification and subsequent valuations of the investments. There are significant judgements involved in the valuation of Level 3 investments in accordance with AASB 9 *Financial Instruments* and there is a risk that they have not been valued appropriately.	Our audit procedures included; — Reviewing and understanding the terms and conditions of the Heads of Agreement of the acquisition; — Agreeing the stock holding to a confirmation of the share register of Brainworks Foundry Inc; — Evaluating the fair valuation input used in calculating the value of the investment as at 31 December 2021; — Assessing the classification of the asset as Level 3 in the fair value hierarchy; and — Assessing available information which may impact the value of the unlisted securities. We also ensured that these matters were completely and accurately disclosed in the financial statements.

Other Information
The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Jayex Technology Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J. C. Luckins
Director

Melbourne, 31 March 2022

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Shareholder information
31 December 2021

The shareholder information set out below was applicable as at 28 March 2022.

Corporate governance

Refer to the Company's Corporate Governance statement at: http://jayexhealthcare.com.au/investor/corporate-governence/.

There is no current on-market buy-back.

Distribution of equity securities
Analysis of number of equity security holders by size of holding:

	Number of unquoted Share Options	Number of holders of ordinary shares
1 to 1,000	-	20
1,001 to 5,000	-	34
5,001 to 10,000	-	89
10,001 to 100,000	-	246
100,001 and over	-	177
	-	566
Holding less than a marketable parcel	-	268

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
COVENANT HOLDINGS(WA)PTY LTD <BOYD#4 A/C>	103,883,880	41.68%
VECTOR LONDON LTD	19,003,378	7.62%
MR JOEL DAVID WEBB	5,100,000	2.05%
BODIE INVESTMENTS PTY LTD	5,000,000	2.01%
TWIN OAKS SUPER PTY LTD <TWIN OAKS SUPER FUND A/C>	5,000,000	2.01%
MR JEREMY RUBEN & MRS VANESSA RUBEN <JVR SUPER FUND A/C>	4,338,067	1.74%
MR DEAN HENRY CLEARY <THE CLEARWAY INVESTMENT A/C>	4,140,000	1.66%
COVENANT HOLDINGS (WA) PTY LTD <THE BOYD NO 3 A/C>	4,000,000	1.61%
RHYD-Y-FELIN PTY LTD	3,000,000	1.20%
MR JOHN CLIVE ALLINSON	2,900,000	1.16%
DONOVAN PRODUCTS PTY LTD <FAMILY ACCOUNT>	2,746,916	1.10%
MR MUN KEE CHANG	2,651,433	1.06%
AMG CORPORATE PTY LTD <THE AMG SUPER FUND A/C>	2,498,180	1.00%
MS PHAROTH SAN & MR KADEN SAN <PKSAN SUPERFUND A/C>	2,372,651	0.95%
MS CHUNYAN NIU	2,000,000	0.80%
R & F MANTEL PTY LTD <R & F MANTEL SUPER FUND A/C>	1,700,000	0.68%
SHERKANE PTY LTD	1,666,667	0.67%
MR BRIAN PATRICK RENWICK	1,660,871	0.67%
MR PETER HOWELLS	1,558,243	0.63%
YAVERN CREEK HOLDINGS PTY LTD	1,428,572	0.57%
	176,648,858	70.87%

Jayex Technology Limited
(Formerly known as Jayex Healthcare Limited)
Shareholder information
31 December 2021

Unquoted equity securities

	Number on issue	Number of holders
Employee options with an exercise price of $0.05 expiring 7 June 2024	500,000	2

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number of holders
NATHAN WOODARD	Unquoted options	250,000
RAJMINDER ATWAL	Unquoted options	250,000

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
COVENANT HOLDINGS(WA)PTY LTD <BOYD#4 A/C>	103,883,880	41.68%
VECTOR LONDON LTD	19,003,378	7.62%

The information set out above regarding the names and number of shares held by substantial holders is as disclosed in substantial holding notices given to the Company.

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options
Options do not have voting rights attached.

There are no other classes of equity securities.

Corporate Governance Statement

The Company's 2021 Corporate Governance Statement has been released to ASX on this day and is available on the Company's website at: https://www.jayex.com/en-au/investor/corporate-governance/

Annual General Meeting

Jayex Healthcare Limited advises that its Annual General Meeting will be held on or about Thursday, 26 May 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon dispatch.

The Closing date for receipt of nomination for the position of Director is Monday, 11 April 2022. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on Monday, 4 April 2022 at the Company's Registered Office.

The Company notes that the deadline for nominations for the position of Director is separate to voting on Director elections. Details of the Directors to be elected will be provided in the Company's Notice of Annual General Meeting in due course.